

Message Text

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ACTION NEA-10

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INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
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AMEMBASSY DACCA
AMEMBASSY ISLAMABAD
AMEMBASSY KABUL
AMEMBASSY KATHMANDU
AMCONSUL MADRAS
AMEMBASSY MOSCOW
CINCPAC

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CINCPAC FOR POLAD

E.O. 11652: N/A
TAGS: PINT, IN
SUBJECT: RAJYA SABHA PASSES RESOLUTION TO INQUIRE
INTO KANTIBHAI'S AFFAIRS

REF: NEW DELHI 11882

1. SUMMARY: LATE ON AUGUST 10, AFTER A LONG AND ACRIMONIOUS
DEBATE, PARLIAMENT'S UPPER HOUSE PASSED A RESOLUTION "CAL-
LING UPON" THE JANATA GOVERNMENT TO INQUIRE INTO CHARGES OF
CORRUPTION AGAINST PM DESAI'S SON KANTIBHAI AND THE RELATIVES
OF CHARAN SINGH. THE RESOLUTION WAS SUPPORTED BY THE MAJOR
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OPPOSITION PARTIES: CONGRESS (I), CONGRESS AND CPI. THE
CONGRESS (I) SPONSOR OF THE MOTION LISTED 32 SPECIFIC ALLEGA-
TIONS AGAINST KANTIBHAI AND OTHERS, CHARGES WHICH MORARJI
SOUGHT TO REBUT. THE GOVERNMENT'S DEFEAT IN THE RAJYA SABHA
IS NOT SURPRISING, GIVEN ITS MINORITY STATUS IN THAT CHAMBER.
THE GOVERNMENT'S RESPONSE TO THE RESOLUTION IS NOT CLEAR AT
THIS TIME, BUT IN ANY EVENT A SIMILAR CONGRESS (I)-SPONSORED

MOTION WILL BE DEBATED AND VOTED UPON IN THE LOK SABHA AUGUST 12. ONE SMALL CONSOLATION FOR THE JANATA IS THAT, DESPITE EARLIER THREATS BY CHARAN SINGH'S SUPPORTERS, ALL PARTY MP'S VOTED WITH THE GOVERNMENT. NONETHELESS, THE RESOLUTION IS EMBARRASSING TO THE GOVERNMENT IN GENERAL AND THE PM IN PARTICULAR. END SUMMARY.

2. THE SO-CALLED "CORRESPONDENCE DRAMA" INVOLVING ALLEGATIONS OF "CORRUPTION IN HIGH PLACES" ENTERED A NEW PHASE AUGUST 10 WHEN THE RAJYA SABHA PASSED A RESOLUTION CALLING UPON THE GOVERNMENT TO INQUIRE INTO ALLEGATIONS OF CORRUPTION AGAINST THE FAMILIES OF PRIME MINISTER DESAI AND FORMER HOME MINISTER CHARAN SINGH. THE MOTION, INTRODUCED BY A CONGRESS (I) MP, ORIGINALLY JUST "RECOMMENDED" THE CREATION OF JUDICIAL COMMISSIONS OF INQUIRY ON THE MATTER. HOWEVER, CPI FLOOR LEADER BHUPESH GUPTA PROPOSED AN AMENDMENT WHICH "CALLED UPON" THE GOVERNMENT EITHER TO "SEEK THE GUIDANCE AND ADVICE" FROM A COMMITTEE COMPRISING 15 MEMBERS OF THE RAJYA SABHA, TO BE APPOINTED BY THE CHAIRMAN, FOR APPROPRIATE AND NECESSARY ACTIONS TO BE TAKEN ON THE ALLEGATIONS "OR ALTERNATIVELY TO STRAIGHTWAY APPOINT WITHOUT DELAY TWO SEPARATE COMMISSIONS OF INQUIRY." GUPTA'S AMENDMENT WAS APPROVED BY 104 VOTES TO 78 IN A STRAIGHT PARTY LINE VOTE; CONGRESS (I), CONGRESS AND CPI MP'S VOTED FOR THE AMENDMENT WHILE MP'S FROM THE JANATA, AIADMK AND CPM OPPOSED IT. THE AMENDED RESOLUTION WAS THEN APPROVED BY A VOICE VOTE. (IT IS NOT CLEAR WHETHER THE LIMITED OFFICIAL USE

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CHAIRMAN OF THE RAJYA SABHA, VICE PRESIDENT B.D. JATTI, IS EMPOWERED BY THE RESOLUTION TO GO AHEAD AND APPOINT THE 15-MEMBER COMMITTEE OR WHETHER HE MUST WAIT FOR A REQUEST FROM THE GOVERNMENT TO DO SO.)

3. THE VOTE CAME LATE ON AUGUST 10 AFTER EIGHT HOURS OF AC-RIMONIOUS DEBATE ON THE CONGRESS (I) RESOLUTION BEFORE A PACKED HOUSE AND GALLERIES. IN INTRODUCING THE MOTION, CONGRESS (I) MP N.K.P. SALVE LISTED 32 SPECIFIC ALLEGATIONS OF CORRUPTION, MISUSE OF POWER AND QUESTIONABLE BUSINESS PRACTICES BY THE PM'S SON KANTIBHAI. ALSO MENTIONED IN A FEW OF THE CHARGES WERE FINANCE MINISTER PATEL AND HIS RELATIVES AND V. SHANKAR, THE PM'S PRIVATE SECRETARY. MORARJI HIMSELF WAS MENTIONED IN SALVE'S FINAL CHARGE WHICH ALLEGED NEOPTISM IN THE PRIME MINISTER'S APPOINTMENT OF HIS NEPHEW D.A. DESAI AS A JUDGE OF THE GUJARAT HIGH COURT. MOST OF SALVE'S ALLEGATIONS, HOWEVER, CENTERED ON KANTIBHAI AND WERE A REHASH OF THE OLD CHARGES WHICH HAVE APPEARED IN SENSATIONAL WEEKLIES (PARTICULARLY "BLITZ") FOR MONTHS CONCERNING THE PM'S SON. (SEE NEW DELHI A-23 FOR A COMPENDIUM OF THESE ALLEGATIONS.) THESE GENERALLY INVOLVE SUCH MATTERS AS THE PURCHASE OF CHOICE LAND AT CONCESSIONARY RATES, CONSTRUCTION OF LARGE MANSIONS,

DOING FAVORS FOR GUJARATI BUSINESS FRIENDS, TIES WITH SMUGGLERS, AMASSING WEALTH THROUGH QUESTIONABLE MEANS, AND INTERFERING IN THE APPOINTMENT OF PERSONS TO HIGH POSITIONS IN THE RESERVE BANK OF INDIA AND THE NATIONALIZED BANKS. IN ADDITION, SALVE RESURRECTED HINTS OF KANTIBHAI'S INVOLVEMENT IN THE BOEING PAYOFF SCANDAL.

4. TOWARD THE END OF THE BITTER DEBATE, PRIME MINISTER DESAI AND SEVERAL MINISTERIAL COLLEAGUES RESPONDED TO THESE ALLEGATIONS FROM THE CONGRESS (I) AND CONGRESS BENCHES. MORARJI REJECTED THE CHARGES, SOME OF THEM ON A POINT BY POINT BASIS. HE OBSERVED THAT SOME OF THESE SAME ALLEGATIONS ON KANTIBHAI HAD BEEN DIRECTED AT HIM IN PARLIAMENT EXACTLY TEN YEARS AGO WHEN HE WAS DEPUTY PRIME MINISTER AND FINANCE MINISTER. ON LIMITED OFFICIAL USE

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THAT OCCASION, HE NOTED, THEN PRIME MINISTER INDIRA GANDHI HAD DISMISSED THE ALLEGATIONS AS "RIDICULOUS." (COMMENT: IT IS IRONIC TO NOTE THAT SOME OF THE MP'S WHO LED THE ATTACK ON MORARJI IN 1968, SUCH AS MADHU LIMAYE, ARE NOW

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SENIOR LEADERS OF THE JANATA PARTY. END COMMENT). REJECTING THE OPPOSITION'S CALL FOR COMMISSIONS OF INQUIRY, THE PRIME MINISTER NOTED THAT FORMER HOME MINISTER CHARAN SINGH HAD NEVER CITED SPECIFIC ALLEGATIONS AGAINST KANTIBHAI AND HAD GONE ON PUBLIC RECORD TO SAY THAT HE (CHARAN SINGH) HAD NO CONCRETE EVIDENCE. HE ADDED THAT THOSE WHO INTRODUCED THE RESOLUTION WERE "MOTIVATED" BY A DESIRE TO DAMAGE HIM PERSONALLY AND THE JANATA PARTY IN GENERAL. IN A VEILED REFERENCE TO R.K. KARANJIA, EDITOR OF "BLITZ", MORARJI ATTACKED THE EDITOR OF A PARTICULAR "YELLOW JOURNAL" FOR PUBLISHING UNFOUNDED CHARGES AGAINST HIS SON.

5. DURING HIS REBUTTAL, THE PRIME MINISTER STATED HIS RESOLVE
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NOT TO ADMIT CHARAN SINGH BACK INTO THE CABINET UNLESS THE FORMER HOME MINISTER EITHER PROVED OR PUBLICLY WITHDREW HIS CHARGES AGAINST KANTIBHAI. TO OUR KNOWLEDGE THIS IS THE FIRST TIME MORARJI HAS PUBLICLY STATED HIS CONDITION FOR READMITTING CHARAN SINGH INTO THE GOVERNMENT.

6. THE JANATA GOVERNMENT IS NOW CONSIDERING HOW TO TREAT THE RAJYA SABHA'S RESOLUTION. THE INITIAL REACTION FROM INFORMATION MINISTER ADVANI, LEADER OF THE JANATA IN THE UPPER HOUSE, WAS THAT SUCH A RESOLUTION IS ONLY "RECOMMENDATORY" IN NATURE AND NOT BINDING UPON THE GOVERNMENT. THE DEPUTY SPEAKER OF THE LOK SABHA TELLS US THAT ALTHOUGH SUCH A RESOLUTION IS NOT LEGALLY BINDING, IT IS MORALLY BINDING. INDEED, HE PREDICTED THAT IF THE GOVERNMENT IGNORES THE RESOLUTION THE OPPOSITION IN THE RAJYA SABHA WILL ONLY STEP UP ITS ATTACKS IN THE HOUSE AND PERHAPS CAUSE SUCH CHAOS AS TO HALT THE CONDUCT OF BUSINESS.

7. A SIMILAR RESOLUTION SPONSORED BY THE CONGRESS (I) WILL COME UP FOR A DAY-LONG DEBATE IN THE LOK SABHA ON AUGUST 12. SINCE A GOVERNMENT IS HELD TO BE RESPONSIBLE ONLY TO THE LOK SABHA (NOT TO THE RAJYA SABHA) A RESOLUTION ON INQUIRY COMMISSIONS PASSED BY THE LOWER HOUSE MAY BE LEGALLY BINDING ON THE GOVERNMENT. HOWEVER, SINCE THE JANATA HAS A CLEAR MAJORITY IN THE LOK SABHA, THE CHANCES OF THIS RESOLUTION BEING APPROVED ARE MARKEDLY LESS -- ASSUMING MOST RULING PARTY MP'S OBSERVE DISCIPLINE AND VOTE WITH THE GOVERNMENT.

8. THIS QUESTION OF PARTY DISCIPLINE EXERCISED JANATA MP'S

IN THE DAYS PRIOR TO THE AUGUST 10 RAJYA SABHA DEBATE. THE PARLIAMENTARY PARTY (JPP) EXECUTIVE ISSUED A WHIT INSTRUCTING JANATA MP'S TO VOTE WITH THE GOVERNMENT IN BOTH HOUSES. CHARAN SINGH LOYALISTS OPPOSED THE WHIP AND THREATENED TO LIMITED OFFICIAL USE

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DEFY IT, THUS RISKING EXPULSION FROM THE PARTY AND THE PRECIPITATION OF A FORMAL SPLIT. AT THE LAST MOMENT, HOWEVER, THOSE MP'S LOYAL TO CHARAN SINGH RETREATED AND ALL APPARENTLY TOED THE GOVERNMENT LINE IN THE RAJYA SABHA VOTE. ALL JANATA MP'S ARE MEETING TODAY (AUGUST 11) TO CONSIDER TOMORROW'S DEBATE IN THE LOK SABHA. MP'S LOYAL TO CHARAN SINGH FROM THAT HOUSE (BELIEVED TO NUMBER NO MORE THAN 30) MAY THREATEN TO DEFY THE WHIP, AND THE JPP MEETING PROMISES TO BE A TUMULTUOUS ONE IN WHICH THE ENTIRE FEUD BETWEEN MORARJI AND CHARAN SINGH IS LIKELY TO FIGURE PROMINENTLY.

9. COMMENT: THE GOVERNMENT'S DEFEAT IN THE RAJYA SABHA IS NOT SURPRISING GIVEN ITS MINORITY STATUS IN THE HOUSE. JANATA HAS 70 MEMBERS IN THE 244 SEAT CHAMBER, CONGRESS (I) 67, AND CONGRESS 48.) JANATA CAN TAKE SOME SLIGHT COMFORT FROM THE FACT THAT AT LEAST PARTY DISCIPLINE WAS MAINTAINED IN THE END AND THAT ALL MP'S LINED UP WITH THE PRIME MINISTER. WHETHER THIS WILL OCCUR IN THE LOK SABHA TOMORROW REMAINS TO BE SEEN. IN ANY EVENT, THE RAJYA SABHA RESOLUTION COMES AS A CONSIDERABLE EMBARRASSMENT TO THE GOVERNMENT IN GENERAL AND THE PRIME MINISTER IN PARTICULAR, WHO APPEARS TO VIEW THE KANTIBHAI ACCUSATIONS AS AN ATTACK ON HIS OWN MORALITY. IF HE MAINTAINS HIS STONEWALLING POSTURE AGAINST ANY KIND OF INVESTIGATION CONCERNING KANTIBHAI, MORARJI WILL BE SUBJECT TO INCREASED ATTACKS NOT ONLY FROM THE CONGRESS (I) (WHICH CAN ONLY GAIN FROM CONTINUED CONTROVERSY ON THIS ISSUE), BUT ALSO FROM PRO-CHARAN SINGH FIGURES IN HIS OWN PARTY. THE LATTER DEVELOPMENT COULD SERVE AT LEAST INITIALLY ONLY TO STRENGTHEN THE PRIME MINISTER'S STUBBORNNESS. GIVEN HIS EXTREME PERSONAL AND POLITICAL SENSITIVITY ON THE ISSUE, HOWEVER, IT IS DIFFICULT TO PREDICT WHAT ACTIONS DESAI MIGHT HIMSELF INITIATE TO DEAL WITH THIS FESTERING ISSUE WHICH CONTRIBUTES TO THE CONTINUING DISARRAY WITHIN HIS PARTY. GOHEEN

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